



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jen Baker

SUBJECT: See Below

DATE: March 30, 2026

Approved

Date:

4/3/26

COUNCIL DISTRICT: 3

SUBJECT: Establishment of the East Village Business Improvement District

RECOMMENDATION

Accept the report and receive public comment on the establishment of the East Village Business Improvement District.

SUMMARY AND OUTCOME

The City Council may incorporate any input from the public meeting on April 21, 2026, into its evaluation of the merits of creating the East Village Business Improvement District (EVBID). The City Council will take formal action on the proposal to form the EVBID on May 12, 2026.

BACKGROUND

Business Improvement Districts (BIDs) are formed pursuant to the California Parking and Business Improvement Area Law of 1989, Streets and Highways Code §36500 et seq. (BID Law) to allow businesses and property owners to assess themselves to support joint efforts such as physical maintenance, marketing, and promotion. Under BID Law, the City Council may establish a BID by adopting a resolution of intention, conducting a public meeting and a public hearing, fulfilling certain noticing requirements, and adopting an ordinance to establish the BID. The BID must be renewed annually by action of the City Council. BID Law allows for an Advisory Board to be appointed by the City Council to advise the City Council on all issues related to the improvement district.

At the City Council meeting on March 24, 2026, the City Council appointed the East Village Business Association (EVBA) Board as the Advisory Board for the establishment

of the EVBID. At the same meeting, the City Council adopted resolutions indicating its intention to establish a BID and levy an assessment for Fiscal Year 2026-2027.

ANALYSIS

BID Law allows for the creation of special benefit assessment districts to raise funds within a specific geographic area. Assessment districts allow business owners to organize their efforts and raise funds exclusively for the benefit of the district. Business owners within assessment district boundaries fund the district, and those funds are used to provide services desired by and benefit businesses within the district. At a neighborhood level, the example of mature BIDs in San José, such as those for Downtown and Japantown, highlights the positive long-term impact on residents, businesses, and San José.

Noticing Status

Notifications have been sent to all businesses within the proposed assessment district boundary, informing them that the City is considering the establishment of the EVBID. The letter also states that public comment regarding the formation of the district will be heard at a public meeting on April 21, 2026, and a public hearing on May 12, 2026, and that written objections to the formation of the EVBID may be submitted at or prior to the public hearing. If there is a majority protest, no further proceeding shall be taken for a period of one year to establish a BID.

The City Clerk's Office has published the required notices pertaining to the establishment of the EVBID and the corresponding public hearing.

Remaining Steps in the Creation of a New BID

- 1. Holding Public Hearing.** At the public hearing scheduled for May 12, 2026, the City Council will take testimony on the establishment of the EVBID, the boundaries of the district, the annual budget of the district, and the types of activities proposed to be funded from the assessment. If the businesses that would be responsible for paying a majority of the EVBID assessment protest, the City Council cannot initially establish the EVBID.
- 2. Ordinance Reading.** The first and second readings of an ordinance establishing the EVBID and the levy of an assessment are the final steps in creating the district. Ordinances are effective 30 days after the second reading.

The following is a proposed timeline for the creation of the EVBID and initial funding of the district's activities:

Public Meeting
Public Hearing

April 21, 2026
May 12, 2026

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Ordinance First Reading	May 12, 2026
Resolution to Approve Budget and Levy Assessment for Fiscal Year 2026-2027	May 12, 2026
City of San José Agreement with EVBA	May 12, 2026
Ordinance Second Reading	June 2, 2026
Ordinance Becomes Law	July 3, 2026
Assessment Begins*	July 1, 2026

** Assessments will be collected on a rolling basis as part of the annual business tax account renewal for each business in the district and remitted to EVBID.*

EVALUATION AND FOLLOW-UP

The EVBA Board will report annually to the City Council to secure the renewal of the EVBID. The first report is expected in June 2027 and will include a budget report for the 2027-2028 Fiscal Year.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, City Clerk's Office, City Manager's Budget Office, Finance Department, and the Planning, Building, and Code Enforcement Department. This memorandum was also coordinated with the EVBA Board.

PUBLIC OUTREACH

EVBA Board members and City staff conducted initial outreach walks in the district on July 28, 2025. Each outreach team delivered an informational flier and answered business owner questions.

Beginning in October 2025, the EVBA consistently advanced discussion of the formation of the BID by making it a standing agenda item at its public meetings. A town hall meeting was held on November 13, 2025, to address public questions and comments. Additionally, the EVBA Board has mailed the BID informational flier to all businesses in the proposed district to ensure comprehensive notification.

This memorandum will be posted on the City Council Agenda website for the April 21, 2026 City Council meeting.

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BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT

No board, commission, or committee recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-004, Government Funding Mechanism or Fiscal Activity with no commitment to a specific project, which may result in a potentially significant impact on the environment.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.



JEN BAKER

Director of City Manager's Office of
Economic Development and Cultural
Affairs

For questions, please contact Jessica Munoz, Senior Executive Analyst, City Manager's Office of Economic Development and Cultural Affairs at jessica.munoz@sanjoseca.gov or (408) 535-8181.